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Second extension of the first country cooperation framework for the Republic of Moldova

Note by the Administrator

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I. Justification

1. The first country cooperation framework (CCF) for the Republic of Moldova, which covered the period from July 1997 to June 1999, was approved by the Executive Board at its first regular session in 1997. In its decision 2000/6, the Executive Board took note of the extension of the CCF to December 2000. The Government has now requested a second extension, for a period of one year, to December 2001, to enable harmonization of future programming by United Nations specialized agencies, funds and programmes, within the framework of the United Nations Development Assistance Framework (UNDAF) for the Republic of Moldova, to be prepared in 2001. The UNDAF would provide the framework for the second CCF.

2. In addition to allowing for the harmonization of programming with the United Nations Children's Fund (UNICEF), the extension of the CCF would provide sufficient lead time for a comprehensive review of the first CCF and the preparation of the next Common Country Assessment (CCA). The latter, prepared by the Centre for Strategic Studies and Reforms, in full cooperation with the whole United Nations Country Team, other multilateral and bilateral donors, the Government and the NGO community, will lead towards the preparation of the new CCF.

3. The first CCF review, the UNDAF and the situational analysis provided in the CCA will form the basis for the formulation of the second CCF.

II. Objectives

4. The first CCF was prepared to address the difficulties faced by the country during the period of transition to democratic forms of governance and a market economy under the conditions of the newly acquired independence. The CCF foresees a wide range of programme interventions aimed at mitigating the negative impact of the transition period and, at the same time, strengthening of the capacity of the Government and civil society. These priorities are reflected in the CCF through its two areas of concentration:

(a) **Promotion of sound governance** — includes three major components: (i) Governance and Democracy Programme; (ii) Programme for the Formulation and Implementation of a National Development Strategy; (iii) External Resources Management Programme;

(b) **Promotion of sustainable livelihoods** — consists of three thematic groups: (i) Poverty Alleviation Programme; (ii) Enterprise and Trade Development Programme; (iii) Gender-in-Development Programme.

5. Within the framework of the **promotion of sound governance**, UNDP has achieved significant progress in providing socio-economic policy advice to the Government through the organization of research on a set of issues of critical importance for national development. During the first CCF period, UNDP contributed to the preparation of national laws and government policies. The human rights agenda in the country has been promoted through increased support to the national Centre for Human Rights and the non-governmental organizations (NGO) community. Achieving self-sustainability of the Centre will be a main goal of UNDP during the year 2001.

6. The independent judiciary of the Republic of Moldova benefited from a programme in support of legislative reform in the country. Moldovan judges have been trained through this programme in the principles and practice of international legislation with a special focus on the European Convention for Human Rights, which has been ratified by the Republic of Moldova. UNDP has assisted the Parliament and the Ministry of Justice in elaborating and commenting on other new legislation, which has been developed since the country became independent. Over the next year, this programme will be concluded and will cover all major institutions in this field.

7. As the country obtained access to international financial institutions and as a result of its dependency on neighbouring countries for the provision of energy resources, the country's foreign debt has increased considerably. UNDP is providing assistance to the Ministry of Finance and the National Bank to record, monitor and analyse their external debt and strengthen the capacity to access more diversified external financing in international markets using the computerized debt-management and financial analysis system, now fully operational, of the United Nations Conference on Trade and Development (UNCTAD).

8. UNDP has been actively supporting the Government, particularly the Ministry of Economy and

Reforms -- the coordinating body for donor assistance -- to build capacity to coordinate this flow of assistance and to mobilize additional financial resources. UNDP also provided policy advice for the elaboration of a Trade Development and Export Promotion Strategy, the establishment of a Social and Economic Information Centre and the creation of the National Agency for Foreign Investment Promotion.

9. In order to build in-country capacity to implement technical cooperation projects and at the request of the Government, UNDP created a new, independent structure called the Programme and Project Implementation Centre. The Centre will provide cost-efficient management services to donor countries and international donor organizations. UNDP will train the staff of the Centre to render state-of-the-art services for the recruitment of staff, procurement of equipment through international tenders and modern financial management of technical cooperation and credit programmes.

10. Support is also being provided in the area of restructuring and reform of local government, resulting in a major change in the local government structure and administration. Representatives from local as well as central governments have been exposed to and trained in modern practices in local public administration, regional economic and social development and the relationship between central and local authorities.

11. In the **promotion of sustainable livelihoods** programme area, the results of a statistical household survey and analysis supported by UNDP were critical for the development of the national poverty alleviation strategy. The experience gained by the government professionals in the implementation of the household budget survey was a substantive input for consolidating the capacities of statistical offices to carry out similar surveys in the future and to evaluate policies to fit changing circumstances and needs. During the extension period, the development of a national poverty map is envisaged, designed to facilitate the elaboration of government strategies and actions to address specific needs of the different disadvantaged groups of the population.

12. The National Agency for Foreign Investment Promotion has been created as a result of the implementation of a UNDP preparatory assistance project. A wide range of promotional materials about the economic and cultural potential of the country has been prepared in cooperation with government agencies and NGOs. In the year 2001, a concentrated effort aimed at the promotion of Moldovan export possibilities will be undertaken. The training programmes, developed for women politicians and entrepreneurs, opened up new perspectives for breaking the existing gender barriers in society. The extension period will be characterized by further development of the gender-sensitive leadership programme.

13. In order to assist the Government to elaborate medium- and long-term strategies for economic and social development jointly with the World Bank, the Centre for Strategic Studies and Reforms was established. One of the first tasks of this independent think-tank, which has attracted a large number of young as well as senior Moldovan professionals, was to elaborate the Strategy for Development, which provides different scenarios for the country's development towards a small open economy. This document was approved by the Government and has been a fundamental tool for the Government's Programme of Activities for the period 1998 to 2002. The extension period is expected to enhance these policy implications, which will need another year before their full effect is felt.

14. The transition process has brought dramatic social and economic changes to the majority of Moldovans. To address these changes, UNDP, together with the International Labour Organization (ILO) and the Government, started a project aimed at reducing overall poverty through developing a national poverty alleviation strategy. In close cooperation with the World Bank, a cross-country household budget survey as well as a number of studies on poverty-related topics to determine the extent and distribution of poverty were carried out. After three regional conferences on poverty with extensive mass media coverage, general public awareness on the problems of the growing poverty facing the country has increased substantially. The national poverty alleviation strategy was finalized by the Government in early 1998. Parts of it are now being implemented by the award of grants to two community-based local partners to initiate small income- and job-generating activities in rural areas of Moldova.

III. Recommendation

15. The Administrator recommends that the Executive Board approve the second one-year extension of the first CCF for the Republic of Moldova for a period of one year, from 1 January 2001 through 31 December 2001.

Annex

Resource mobilization target table for the Republic of Moldova

Source	*Amount (In thousands of United States dollars)*	*Comments*
UNDP regular resources		
Estimated IPF carry-over	333	
TRAC 1.1.1	846	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
Other resources	1 863	In line with the decision 95/23, paragraph 19.
TRAC 1.1.3	128	
SPPD/STS	331	
Subtotal	**3 501**[a]	
UNDP other resources		
Government cost-sharing	10 000	
Third-party cost-sharing	12 592	
Funds, trust funds and other	588	
Subtotal	**23 180**	
Grand total	**26 681**[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; STS = support for technical services; SPPD = support for policy and programme development; TRAC = target for resource assignment from the core.